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DEPARTMENT FOR AF/RSA MAZEL, GRIESMER, BOWLES

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SUBJECT: CAPE VERDE: INFORMATION ON CHINESE ENGAGEMENT

REF: STATE 10152

¶1. (SBU) SUMMARY: Two primary types of Chinese commercial engagement are widespread in Cape Verde: Chinese small-scale retailers and high-profile Chinese economic development projects. With the former, the retailers have made largely economic contributions to the local market, and on the larger projects, there appears to be a concerted effort to make inroads into specific markets, such as construction. Post does not report any significant collaboration with the Chinese Embassy in Cape Verde, but would welcome opportunities to cooperate on health, development, and construction projects in the future. End summary.

OVERALL CHINESE ENGAGEMENT IN CAPE VERDE

¶2. (U) As with much of Africa, the Chinese have been active in Cape Verde over the past five years. The majority of this activity has been in the commercial realm and the most visible impact of Chinese engagement in Cape Verde is in the proliferation of shops owned and/or managed by the Chinese. While this visible presence of Chinese immigrants is most frequently discussed among Cape Verdeans and in the local media, there are also several major investments and infrastructure projects executed in Cape Verde that have received less attention.

¶3. (SBU) The Chinese government was among the first in the world to establish an embassy in Cape Verde after the country's independence in 1975. The first Chinese shop in Cape Verde opened in Praia in 1995, within two years, there was Chinese-owned retail presence on all nine islands of the archipelago. Despite this ongoing growth in the retail area, we have not seen any evidence of close cooperation between retailers and the Chinese Embassy in Praia.

¶4. (U) Since the last sub-regional dialogue meeting in October 2008, China has funded two major construction/development projects in Cape Verde. The first was a dam project on the island of Santiago and the second was to make port improvements and expand the fisheries space in the city of Mindelo on the island of Sao Vicente. A recent Chinese media article also reported that China was planning to extend a credit line worth USD 1 million line to Cape Verde's real estate agency (Imobiliaria Fundiaria e Habitat (IFH)) in order to fund the GOCV's cost-controlled "Housing for All" program.

EXAMPLES OF U.S.-CHINA COLLABORATION

¶5. (SBU) At this time, Post has no cooperation projects with the Chinese to report. In fact, during a recent outbreak of dengue fever in Cape Verde, the Chinese Embassy officials made a point of saying they were only willing to offer bilateral assistance

during the donor's coordination meeting. A few months later, upon learning that the United States made a contribution towards vector control through the WHO, the Chinese Ambassador in Praia announced a pledge for the same amount and reiterated that the assistance would be bilateral. This encounter left us with the impression that the Chinese mission on the ground will probably continue to operate independently absent direction from Beijing.

POTENTIAL AREAS FOR U.S.-CHINA COLLABORATION

16. (U) Post does not have specific projects to propose in collaboration with China, however the mission has obvious influence in construction, infrastructure, and commercial ventures that could be leveraged trilaterally. Post also views an opportunity to coordinate with the Chinese mission on health and development issues in the future.

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